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South Georgia at the State Capitol – Budget on Transportation

By State Sen. Greg Goggans



The Budget Process has Already Started

Georgia's Amended FY2009 and FY2010 budget processes started in June, when the Governor sent out budget instructions directing agencies to identify reductions of 3.5 percent from their base budget. In August, the Governor sent out revised budget instructions to state agencies telling them to identify 6%, 8% and 10% cuts for both fiscal years due to a worsening revenue outlook. Agencies were required to submit their budget requests to the Office of Planning and Budget by September 1. Although the legislature is not in session, the Senate Appropriations committee has already begun reviewing agency requests.

Combined Hearings

Senate Appropriations subcommittees are partnering with the Best Value in Government Taskforce to hold joint hearings on the budget. The joint hearings are reviewing the operations of major agencies in order to find efficiencies, cost savings and operational improvements. The Appropriation subcommittees are also holding hearings to review the current agency requests for 6%, 8% and 10% level budget reductions. Last month, the committees heard from the Department of Transportation (DOT).

Department of Transportation

The Department of Transportation has a total budget of over \$2.1 billion for FY2009. Of this, \$826 million is state motor fuel funds, \$1.3 billion comes from the federal government and only about \$30 million is state general funds. As motor fuel funds are constitutionally dedicated to roads and bridges, DOT was only required by the Governor to apply the 6%, 8%, and 10% reductions to the state general fund portion of its budget. However, because of internal fiscal problems, the DOT has also faced a significant shortfall in its motor fuel funds.

FY2009 Amended

DOT's FY2009 budget request included cuts across all state-funded programs except Air Transportation and Administration. The Commissioner explained that Air Transportation – the program that flies state officials across the state – already loses money. There were funds cut in the Departmental Administration program but these were only one-time funds for retrofitting school buses and for a freight logistics study.

Deficit Reduction Plan

The Department of Transportation ended FY2008 in a deficit, which is prohibited by the Georgia Constitution. In order to resolve this, the Attorney General allowed DOT to use FY2009 motor fuel funds for contracts executed at the end of FY2008. This was an extremely unusual move that solved the FY2008 deficit, but created a \$190 million shortfall in the FY2009 budget. In order to address the shortfall in FY2009, the State Transportation Board voted to:

- Reduce computer and equipment purchases for a total of \$5 million
- Reduce motor vehicle purchases by \$1.5 million
- Reduce funding for 269 vacant positions by \$7.8 million
- Issue commercial paper for \$50 million
- Reduce contracts with consultants and for mowing for about \$4 million

The Board also directed the Commissioner to ask the legislature to redirect the \$28 million appropriated in FY2009 for the State Transportation Infrastructure Bank and the \$5 million appropriated for Community Improvement Districts to cover operating costs.

The Commissioner presented two money saving personnel options to the Board. The first option was to furlough every employee for one day per month for the remainder of the fiscal year, which would save \$6.4 million. The second option was to reduce DOT staff by ten percent (566 employees), which would save \$31.3 million. The Board rejected both of these options and instead chose to reduce the Local Assistance Road Program (LARP), which will save \$28 million and the State Aid program, which will save \$24 million. Both of these programs provide direct assistance to local governments and would cause local projects to be delayed until after July of 2009.

FY2010 General Budget Request

The Commissioner presented a budget proposal to the Subcommittee that included ten percent reductions in programs funded with state general funds. In addition to the 10% reduction, the Commissioner requested a state general funds enhancement of \$11 million dollars, including \$504,000 for hangar operations at Charlie Brown Airport and \$10.5 million for the Georgia Airport Aid program. The Commissioner also presented a \$238 million general obligation bond package for the subcommittee to consider. The bond package request includes:

- \$1.97 million to purchase a new King Air 350 aircraft. The total cost of the plane is \$6.1 million, the balance of which would be paid for with proceeds from the sale of other planes.
- \$10.8 million for rehabilitation of 185 miles of freight rail lines across the state.
- \$106.9 million for commuter rail between Atlanta and Lovejoy.
- \$18.4 million for a district office, a lab building, and six area office trailers.
- \$100 million to continue the Governor's Fast Forward program.

Transportation is a crisis area of need, but DOT is struggling to meet even current needs.

As always, I'd like to thank members of the Senate staff, who contribute regularly to my column. Please contact me in my office at the Capitol with your questions, comments or concerns.

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Sen. Greg Goggans represents the 7th Senate District, which includes Atkinson, Bacon, Berrien, Clinch, Coffee, Echols, Lanier, Pierce and Ware counties and a portion of Cook County.